

**TESTIMONY  
OF  
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DEPARTMENT OF HOMELAND SECURITY**

**BEFORE THE  
HOUSE COMMITTEE ON FINANCIAL SERVICES  
SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS**

**SEPTEMBER 24, 2003**

**I. Introduction**

Good morning, Chairwoman Kelly and distinguished Members of the Subcommittee. It is a privilege to appear before you to discuss the ongoing accomplishments of the Bureau of Immigration and Customs Enforcement (BICE) Financial Investigations Division. I would like to begin by commending Congress for its decisive and immediate enactment of the USA PATRIOT Act, enabling law enforcement to more effectively investigate money laundering activities and protect the financial systems of this Nation.

The role of the BICE Financial Investigations Division is to defend the stability and strength of America's financial system...a system that is vulnerable to abuse by various criminal threats. BICE Special Agents apply their expertise to monitoring financial systems for vulnerabilities and investigate the exploitation of these vulnerabilities. BICE defends these systems through utilization of investigative expertise and application of a systems based approach. The authorities granted by Congress have allowed BICE to aggressively analyze, monitor, and patrol cross-border financial activities and enforce America's money

laundering and banking laws. BICE will continue to enforce these laws and work closely with our law enforcement counterparts to effectively preserve the integrity of the financial systems and mechanisms that support our economy and promote legitimate international business.

## **II. The BICE Financial Investigations Division**

The BICE Financial Investigations Division has continuously evolved and matched its investigative priorities with the critical concerns of this Nation. The BICE Financial Investigations Division is designed to identify vulnerabilities in our Nation's financial systems through which criminals launder their illicit proceeds. In some cases, such as the Black Market Peso Exchange, the system itself is corrupt. In other cases, it is the criminal and criminal organizations that exploit the vulnerabilities of legitimate systems. Although these investigations historically involved money laundering associated with narcotics smuggling and distribution, BICE has expanded its arena of financial investigations to include violations involving terrorist financing, illegal money service businesses, bulk cash smuggling, non-narcotic money laundering, and cyber crimes.

In response to the events of September 11, 2001, BICE has redirected its expertise to better identify financial systems that are being exploited by criminal or terrorist groups. From October 1, 2001, through June 28, 2003, BICE financial investigations resulted in 203 arrests, 111 indictments, 67 convictions, and the seizure of approximately \$33 million. The successful results of this focused effort are attributable to the experience and expertise of BICE Special Agents. BICE will continue to enhance its financial expertise through investigations that focus

not only on the exploitation of financial systems, but the laundering of proceeds of drug smuggling, fraud, failure to report transactions, unlicensed money service businesses, and bulk currency smuggling.

I would like to take a moment to briefly outline a few of our significant investigations:

- In Seattle, thirteen individuals were indicted for money laundering and alleged violations of the International Emergency Economic Powers Act (or IEEPA) for transferring \$12 million to Iraq. Several bank accounts were seized. One person has been convicted so far, and additional prosecutions are pending.
- In Los Angeles, an international delivery service reported a suspicious package that was found to contain \$180,000. Another package was later interdicted and found to contain more than \$100,000. The BICE investigation has resulted in the seizure of approximately \$2.2 million in cash, and the indictment of one person for bulk currency smuggling.
- In New York, the investigation of an unlicensed money remitter revealed the illegal transfer of \$39 million to Pakistan. To date this investigation has resulted in ten indictments and convictions for operating an unlicensed money remitter service.
- In Miami, Libardo FLORES-GOMEZ, a South American money launderer, of wide repute, was stopped at the international airport and found to be in possession of unreported currency and monetary instruments. FLORES-GOMEZ admitted to acting as an unlicensed money remitter, and BICE's investigation revealed that he had laundered in excess of \$100 million for a

South American narco-terrorist organization. FLORES-GOMEZ was convicted of operating an unlicensed money remitter service.

- In Buffalo, BICE and FBI agents joined a Drug Enforcement Administration pseudoephedrine trafficking investigation, and quickly found that the subjects were operating an unlicensed money remitter service, sending money to the Middle East. During outbound searches, agents found negotiable instruments destined for Yemen. Three subjects were arrested and convicted of operating an unlicensed money remitter service.

- In Detroit, the investigation of several unlicensed money remitters who were sending funds illegally to Yemen resulted in the arrest of six persons and the seizure of five bank accounts and approximately twenty pounds of khat, a controlled substance. One person has been indicted and additional indictments are anticipated.

From these efforts, BICE has developed financial expertise in the money laundering methods that exploit charities, and other non-government organizations, money service businesses, alternate remittance systems, bulk currency smuggling and trade based money laundering. Additionally, BICE financial investigations have directly benefited from the USA PATRIOT Act, specifically in the areas of the expanded authority to identify accounts belonging to suspects, and the statutory changes related to unlicensed money service businesses and bulk cash smuggling.

In connection with the consolidation of Customs, U.S. Secret Service (USSS) and the Immigration and Naturalization Service (INS) investigative

resources within the Department of Homeland Security, Secretary Ridge and Attorney General Ashcroft signed a memorandum of agreement on May 13 of this year clarifying the roles and responsibilities of DHS financial investigators on terrorist financing cases, which are now coordinated through FBI-led Joint Terrorism Task Forces and FBI's Terrorist Finance Operations Section at headquarters, with full support of BICE. The BICE Financial Investigations Division continues to apply its unique expertise in identifying means and methods used by criminal organizations to exploit financial systems through the transfer, laundering and/or concealment of the true source of criminal proceeds. This mission is pursued by BICE's Cornerstone program, which was launched formally in July 2003.

Through Cornerstone, BICE seeks to expand working partnerships with industry representatives to share information and typologies, and to identify and eliminate vulnerabilities that can be exploited by criminal and terrorist organizations. Cornerstone will systematically and strategically examine financial systems that may be susceptible to abuse. Cornerstone relies on the worldwide network of thirty-seven Foreign Attaché offices, which have established and continue to maintain critical relationships with the corresponding law enforcement and other government entities in the host country. These relationships facilitate the timely and proper exchange of investigative information, avenues for host country investigation, liaison with other U.S. agencies overseas, training for foreign law enforcement officers, and other investigative functions.

To aid the financial industry in its efforts to shore up vulnerabilities in systems and infrastructure, BICE Financial Investigations Division is implementing the Systematic Homeland Approach to Reducing Exploitation - or SHARE - in concert with the Secret Service. BICE and USSS will host semi-annual meetings with executive members of the financial and trade communities that are impacted by money laundering, identity theft and various other financial crimes. "Tripwire" is a quarterly newsletter that BICE will provide to the financial sector under SHARE to address emerging trends, patterns and typologies in the money laundering arena.

### **III. Conclusion**

BICE Special Agents have historically been recognized among the law enforcement community and the Federal government for their expertise in the analysis and investigation of illegal, international financial activities. That experience - and BICE's knowledge base - has been assimilated into the Department of Homeland Security, expanding the scope of investigations to include the financial aspects of U.S. Immigration law violations. Along with our law enforcement partners, BICE will continue to address future threats to our financial systems, regardless of the source or nature of those threats.

In conclusion, I would like to thank the distinguished Members of this Subcommittee for the opportunity to testify before you today. It would be my pleasure to answer any questions you may have.